

Fiscal Services Division
Legislative Services Agency
Fiscal Note

HF 2796 - School Tuition Organization Tax Credit (LSB 6727 HV)
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Fiscal Note Version - New

Description

House File 2796 creates an individual income tax credit for contributions to a School Tuition Organization. The contribution may not be claimed as a deduction from Iowa income tax. Tax credits are equal to 65.0% of the contribution and are limited to a total of \$2.5 million for tax year 2006 and \$5.0 million for succeeding tax years.

The Bill is effective upon enactment and applies retroactively to January 1, 2006.

Assumptions

1. All awarded tax credits will be utilized.
2. Credits awarded for tax year 2006 will be redeemed with tax returns filed in the spring of 2007.

Fiscal Impact

The tax credits created in HF 2796 will reduce net General Fund revenue by \$2.5 million in FY 2007 and \$5.0 million in FY 2008 and succeeding tax years.

The tax credit will not impact the local option income tax surcharge for schools.

Source

Legislative Services Agency analysis

Dennis C Prouty

May 1, 2006

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.
